

Message Text

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ACTION ARA-20

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E.O. 11652: GDS

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SUBJECT: POSSIBLE END OF YEAR CABINET CHANGES

1. SUMMARY: SPECULATION ON CABINET CHANGES INCREASES AS THE END OF THE YEAR APPROACHES. THE EARLY NEW YEAR IS THE TRADITIONAL TIME FOR RESTRUCTURING THE GOVERNMENT AND SOME CHANGES ARE EXPECTED AFTER CHRISTMAS OR NEW YEAR'S. IN THE ABSENCE OF HARD INFORMATION, SPECULATION ON POSSIBLE RESIGNATIONS CENTERS ON THE MINISTERS OF FINANCE, EDUCATION, LABOR, INDUSTRY AND COMMERCE, AND FOREIGN RELATIONS. JAIME MONCAYO IS REGARDED AS A CANDIDATE FOR THE MINISTRY OF FOREIGN RELATIONS AND BG GVO LATORRE, FORMER MINISTER OF GOVERNMENT, MAY RETURN TO A HIGH POSITION. THE LATTER DEVELOPMENT WOULD BE IMPORTANT POLITICALLY BECAUSE OF LATORRE'S STRONG PERSONALITY AND THE ADDITIONAL PERSONNEL CHANGES IN THE GOVERNMENT OR MILITARY WHICH WOULD BE INVOLVED. END SUMMARY.

2. LAST YEAR THE ENTIRE CABINET TURNED IN PRO FORMA RESIGNATIONS JUST AFTER NEW YEAR'S DAY, AND IT IS OUR EXPECTATION THAT THE PATTERN MAY BE REPEATED THIS YEAR. ACCORDINGLY, THIS IS THE TIME OF YEAR IN ECUADOR WHEN SPECULATION BEGINS ON RESIGNATIONS FROM THE CABINET. WE FEEL COMPELLED TO JOIN IN.

3. THE RODRIGUEZ LARA REGIME CONTINUES TO LOOK CONFIDENT AND
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SECURE, AND SPECULATION ABOUT CABINET CHANGES CENTERS ON INDIVIDUALS

AND NOT ON THE FUTURE OF THE REGIME ITSELF.

4. WE HAVE NO HARD INFORMATION ABOUT WHO IS LEAVING OR WHO MAY ENTER THE GOVERNMENT. SPECULATION ABOUT DEPARTURES CENTERS AROUND THE MINISTER OF EDUCATION ARMY COLONEL LUIS GUILLERMO DURAN ARCANTALES, THE MINISTER OF FINANCE ENRIQUE SALAS CASTILLO, THE MINISTER OF INDUSTRY AND COMMERCE FRANCISCO ROSALES RAMOS, THE MINISTER OF FOREIGN RELATIONS ANTONIO JOSE LUCIO PAREDES BENITEZ, AND THE MINISTER OF LABOR AND SOCIAL WELFARE, AIR FORCE BRIGADIER GENERAL LUIS MOREJON ALMEIDA.

5. WE HEAR THAT THE MINISTER OF EDUCATION MAY LEAVE THE GOVERNMENT BECAUSE OF HIS POOR HANDLING OF THE STUDENT AND TEACHER DISORDERS IN AUGUST AND SEPTEMBER 1973. ANOTHER REASON GIVEN IS THAT THE GOVERNMENT OF THE ARMED FORCES WISHES TO DISASSOCIATE THE MILITARY FROM THE DIFFICULT AND UNPOPULAR JOB OF KEEPING THE STUDENTS AND TEACHERS UNDER CONTROL. THE SAME REASON IS OFFERED FOR THE POSSIBLE RESIGNATION OF THE MINISTER OF LABOR -- THAT THE GOE WANTS TO AVOID INVOLVING THE MILITARY DIRECTLY IN LABOR PROBLEMS. THE MINISTER OF FINANCE NEVER DID WANT HIS PORTFOLIO AND IS EAGER TO GET OUT IF HE CAN. THE MINISTER OF INDUSTRY AND COMMERCE IS SAID TO BELIEVE HE HAS SERVED LONG ENOUGH AND WANTS TO LEAVE THE GOVERNMENT WHILE HIS RECORD IS GOOD. THE MINISTER OF FOREIGN RELATIONS HAS NOT BEEN WELL FOR A YEAR AND DOES NOT LOOK HEALTHY NOW. LAST YEAR WE UNDERSTOOD THAT HE WANTED TO RESIGN BUT THE PRESIDENT REFUSED HIM PERMISSION.

6. WE HAVE HEARD VERY LITTLE SPECULATION ON REPLACEMENTS. THERE HAVE BEEN REPORTS THAT JAIME MONCAYO GARCIA, NOW THE UNDERSECRETARY OF FOREIGN RELATIONS, MAY BECOME THE FOREIGN MINISTER. HE HAS ALSO BEEN RUMORED FOR FINANCE. WHEN ARMY BRIGADIER GENERAL GALO LATORRE SIERRA, NOW THE ECUADOREAN REPRESENTATIVE TO THE INTER-AMERICAN DEFENSE BOARD IN WASHINGTON WAS IN QUITO IN EARLY NOVEMBER 1973, HE TOLD THE DATT THAT HE EXPECTED TO RETURN TO A GOVERNMENT JOB IN ECUADOR IN FEBRUARY 1974. SINCE LATORRE'S LAST GOVERNMENT JOB WAS AS MINISTER OF GOVERNMENT (THE MOST SENIOR CABINET POSITION), IT IS HARD TO SEE WHAT JOB HE MAY TAKE UNLESS IT IS COMMANDER OF THE ARMY (WHICH IS THE JOB HE IS SAID TO EXPECT), OR MINISTER OF GOVERNMENT AGAIN. THE REAPPEARANCE OF LATORRE IN A SENIOR GOE POSITION WOULD BE A SIGNIFICANT EVENT SINCE HE IS A STRONG PERSON AND BECAUSE
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OTHER, SIGNIFICANT CHANGES WOULD BE NECESSARY TO MAKE ROOM FOR HIM. IF LATORRE SHOULD NOT BE OFFERED AN IMPORTANT ROLE IN THE GOVERNMENT, WE WOULD NOT BE SURPRISED TO SEE HIM REMAIN IN WASHINGTON OR TO RETIRE.
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